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| UNITED STATES OF AMERICA | : | |
| | : | |
| v. | : | CASE NO.: 8:01-CR- |
| | : | |
| JOSEPH DESANTO | : | |
| JOSEPH SALERNO, III | : | |
| JOHN SALERNO | : | |
| RICHARD GINSBERG | : | |
| PETER LEIGHTON | : | |
| PALMA DESANTO | : | |
| VERONICA DESANTO, | : | |
| a/k/a Veronica Ruiz | : | |

2. The Hamilton Shea Group, Inc. (hereinafter Hamilton Shea) was a corporation organized and existing under the laws of the states of Ohio and Florida, having its principal place of business at 416 East Atlantic Boulevard, Pompano Beach, Florida.

3. Sovereign Equity Management Corporation (hereinafter Sovereign) was a corporation organized and existing under the laws of the states of Texas and Florida, having its principal place of business at 5200 Town Center Circle, Boca Raton, Florida, and having branch offices located in Tampa, Florida; Manhattan, New York; and Roslyn, New York. Glen T. Vittor, was the sole stockholder and President of Sovereign. Philip Gurian, who was barred for life from the securities industry by the National Association of Securities Dealers (NASD) in 1991, had an undisclosed interest in and exercised control over the trading decisions and operations of Sovereign. Glen T. Vittor and Philip Gurian were co-conspirators who are not herein named as defendants.

4. The United States Securities and Exchange Commission was an agency of the United States which was responsible for the regulation and sale of securities.

5. Joseph Roberts, Hamilton Shea, and Sovereign were engaged in the business of stock brokerage services including the retail sale of securities to the public.

6 JOSEPH DESANTO was the Chief Operating Officer of the Joseph Roberts Company. JOSEPH DESANTO, JOHN SALERNO, and JOSEPH SALERNO, III, were the controlling principals at Joseph Roberts and Hamilton Shea. RICHARD GINSBERG was a broker for Hamilton Shea. PALMA DESANTO was the Executive Assistant at Hamilton Shea to JOSEPH DESANTO.

7. The National Association of Securities Dealers is the largest securities-industry self-regulatory organization in the United States. Through its subsidiaries, NASD Regulation, Inc., The Nasdaq Stock Market, Inc., NASD Dispute Resolution, Inc., and The American Stock Exchange, the NASD develops rules and regulations, conducts regulatory reviews of members' business activities, disciplines

violators, and designs, operates, and regulates securities markets and services all for the ultimate benefit and protection of the investor.

8. "Regulation S" was a regulation promulgated by the Securities and Exchange Commission wherein restricted stock could be sold to foreign nationals with the proviso that the stock certificates would be taken off-shore and not sold for the required 40 day "safe harbor" period.

9. JOESPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PALMA DESANTO, VERONICA DESANTO, a/k/a Veronica Ruiz, Philip Gurian, and Glen T. Vittor were citizens of the United States.

10. An "initial public offering" or "IPO" was an initial distribution of stock to the public by a formerly private company which was underwritten by a securities brokerage firm and regulated by the Securities and Exchange Commission.

11. "Pump and dump" was a term of art which meant that an owner of stock would seek to artificially increase the price of the stock, or "pump" the price by manipulating the market through various means including broker sales to the public in order that the aforementioned owners could "dump" the shares owned at a higher price. The price of the stock was artificially raised by brokers falsely attesting to the financial and business prospects of the corporation whose stock was being "pumped."

12. The term "juice" meant the payment of money to brokers over and above the lawful commission to induce them to sell a particular stock and to "pump" the price of the stock.

13. The term "no sell orders" meant that stockbrokers refused to allow bona fide brokerage customers to place sell orders on manipulated stock so that the stock price will stay high.

14. A 504 offering is a stock offering by a company of no more than \$1,000,000.00 worth of stock.

B. The Conspiracy

15. From at least as early as January 7, 1993, and continuing up to and including December 1, 1998, in the Middle District of Florida and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

did knowingly, willfully and unlawfully combine, conspire, confederate and agree with each other, and with other persons known and unknown to the Grand Jury, to commit offenses against the United States, namely, mail fraud in violation of Title 18, United States Code, Section 1341; wire fraud in violation of Title 18, United States Code, Section 1343; securities fraud in violation of Title 15, United States Code, Section 78j; and money laundering in violation of Title 18, United States Code, Sections 1956 and 1957.

C. Manners and Means of the Conspiracy

16. It was a part of the conspiracy that the defendants, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did accept discounted stock from corporations, including, First National Film Corporation (FNAT), Magellan Restaurant Systems (GRIL), Novatek International, Inc. (NVTK), ACT II (ACTI), Colorado Casino Resorts, Inc. (CCRI), Certified Diabetic

Supplies, Inc., (CDSP), Littman Project Corp. [now known as National Conglomerated Food Services] (LTMP), and American Lending and Acquisition Group (ALAG), for the purpose of profiting from the “pumping” of the price of the stocks, well knowing that the corporations were not financially viable.

17. It was further a part of the conspiracy that the defendants, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did cause offshore nominee accounts to be opened for the benefit of the aforementioned defendants in order to disguise and conceal the true owners and participants in various stock transactions as well as to defraud the investing public and the retail customers of Joseph Roberts and Hamilton Shea by disguising the fact that the aforementioned defendants controlled and participated in the sale of securities at manipulated prices and profited by virtue of the sales.

18. It was further a part of the conspiracy, that the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, did use fictitious names and nominee accounts in order to defraud the investing public and the retail customers of Joseph Roberts and Hamilton Shea by disguising the fact that the aforementioned defendants controlled and participated in the sale of securities at manipulated prices and profited by virtue of the sales. Philip Gurian participated in the distribution and sale of the aforementioned securities under nominee accounts. In addition, Glen T. Vittor, through Sovereign, participated in the distribution and sale of the aforementioned securities under nominee accounts.

19. It was further a part of the conspiracy that the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, did agree to submit false and fraudulent information by United States Mail, facsimile, and interstate common carrier, including Registration Statements, Subscription Agreements, Prospectus, Regulation S filings, Initial Public Offerings (IPOs), and secondary stock offerings to the Securities and Exchange Commission, which falsely and fraudulently stated that the securities would be purchased by foreign nationals and would be restricted pursuant to the “safe harbor” provision of “Regulation S”, well knowing that the “foreign nationals” were only corporations with foreign addresses which were controlled by the defendants through fictitious persons.

20. It was further a part of the conspiracy that the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did use Joseph Roberts and Hamilton Shea brokers to manipulate the price of the shares of FNAT, GRIL, NVTK, ATCI, CCRI, CDSP, PCTU, LTMP, and ALAG, and others by offering Joseph Roberts and Hamilton Shea brokers “incentive” or “juice” payments over and above the normal commission to sell the aforementioned securities and by making false and fraudulent claims to customers as to the financial viability of the corporations. Joseph Roberts and Hamilton Shea brokers were instructed by the aforementioned defendants that once the stocks were purchased, no retail customer of Joseph Roberts and Hamilton Shea was permitted to sell the securities.

21. It was further a part of the conspiracy, that the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, AND VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did induce the corporate officers of the aforementioned corporations to issue false and fraudulent press releases regarding the business of the corporations and their financial soundness in order to assist Joseph Roberts and Hamilton Shea brokers in “pumping” up the price of the securities.

22. It was further a part of the conspiracy that the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, AND VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did cause retail customers of Joseph Roberts and Hamilton Shea to send, by United States Mail and interstate common carrier to Joseph Roberts, Hamilton Shea, and their clearing firms, checks in payment for the purchase of FNAT, GRIL, NVTK, ACTI, CCRI, CDSP, PCTU, LTMP, and ALAG.

23. It was further a part of the conspiracy that, after the price of the aforementioned securities had been sufficiently “pumped”, the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, And VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did “dump” or sell the aforementioned discounted securities through Joseph Roberts and Hamilton Shea, and other brokerage firms, via brokerage accounts in the names of the nominee corporations with addresses in the Cayman Islands and other foreign countries.

24. It was further a part of the conspiracy that the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, And VERONICA DESANTO, a/k/a Veronica Ruiz, did conspire with company officers by means of the mail and wire communications to issue false press releases and misleading information to the public regarding the worth of the companies, their assets, and their potential.

25. It was further a part of the conspiracy that the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did use the telephone and did make interstate and international telephone calls in the execution of the aforementioned conspiracy.

26. It was further a part of the conspiracy that the defendants, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to and did conceal from Joseph Roberts and Hamilton Shea retail customers and the investing public that they had reaped more than tens of millions of dollars in gross profits from the fraudulent acts done in furtherance of the conspiracy.

27. It was further a part of the conspiracy that the defendants, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, agreed to take steps to conceal the nature of the conspiracy and prevent the disclosure thereof.

D. Overt Acts

28. In furtherance of the aforementioned conspiracy and in order to effectuate the objects thereof, the following overt acts, among others, were committed by the aforementioned defendants in the Middle District of Florida and elsewhere:

(1) On January 7, 1993, JOSEPH DESANTO registered Joseph Roberts & Co., Inc. with the National Association of Securities Dealers with the main office located in Chicago, Illinois.

(2) From March 30, 1993, to May 6, 1993, Joseph Roberts sold 351,000 shares of FNAT without registering the sale, as required, with the Securities and Exchange Commission (SEC).

(3) From March 30, 1993 to May 6, 1993, Joseph Roberts made untrue statements of material fact and omitted to state material facts concerning sales of FNAT by Joseph Roberts after receipt of loans from issuer affiliates.

(4) From March 30, 1993, to September 30, 1993, JOSEPH DESANTO, JOSEPH SALERNO, III, and JOHN SALERNO, authorized Joseph Roberts brokers to conduct unauthorized trades in customer accounts and to “park” stock to reflect increased volume in FNAT, thus pumping the price of FNAT shares.

(5) From March 30, 1993, to September 30, 1993, JOSEPH DESANTO instructed Joseph Roberts brokers to utilize deceptive practices in the sale of FNAT to customers regarding the value of FNAT stock.

(6) From March 30, 1993, to September 30, 1993, JOSEPH DESANTO paid Joseph Roberts brokers undisclosed, excessive and unlawful compensation to sell FNAT to the investing public.

(7) On May 26, 1993, GRIL went public by merging with Continental Capital, owned by Carl H. Canter.

(8) On March 31, 1994, Carl H. Canter opened two customer accounts at Joseph Roberts.

(9) On or about April 28, 1994, Carl Canter gifted 700,000 GRIL warrants to Joseph Desanto and controlled Joseph Roberts' offshore accounts known as Alpine Services, LarchWood Investments, and Alternique, Ltd.

(10) On or about September 1, 1994, to September 30, 1994, JOSEPH DESANTO contacted Phil Gurian telephonically and requested that Gurian fund a GRIL Regulation S stock purchase through fictitious, nominee accounts to hide their true ownership.

(11) On or about October 27, 1994, Phil Gurian wire transferred \$233,000.00 from the Solar Cloud nominee account on the Isle of Mann through Midland Bank to a New York bank account for the GRIL escrow agent at the request of JOSEPH DESANTO.

(12) On or about November 2, 1994, Phil Gurian wire transferred \$349,500.00 from the Solar Cloud nominee account on the Isle of Mann through Midland Bank to a New York bank account to the GRIL escrow agent at the request of JOSEPH DESANTO.

(13) From April 13, 1994, to May 23, 1994, the above mentioned GRIL stocks were received into accounts controlled by JOSEPH DESANTO.

(14) From June 27, 1994, to July 13, 1994, Joseph Roberts purchased 1.1 million shares of GRIL from Alpine Services, Larchwood Investments, and accounts controlled by Carl Canter.

(15) On July 20, 1994, Joseph Roberts sold 138,000 Regulation S shares of GRIL to Caspian Consulting, a Bahamian account controlled by Phil Gurian at a deep discount from the market price.

(16) From July 21, 1994, to August 12, 1994, Joseph Roberts sold 138,000 shares of GRIL to the investing public at a significant profit.

(17) From July 1, 1994, to September 23, 1994, Joseph Roberts paid undisclosed, excessive compensation to its brokers to sell GRIL to the investing public.

(18) On July 15, 1994, a false and deceptive press release was issued to the public regarding GRIL's business transactions and worth.

(19) From August 1, 1994, to September 14, 1994, other press releases that were false and misleading were issued to the public to pump the GRIL shares.

(20) On February 6, 1995, Joseph Roberts effected a transfer of 165,000 Regulation S shares to the Solar Cloud account, an account with a Cayman Island address which was actually controlled by Phil Gurian.

(21) From May 1, 1994, to August 31, 1994, JOSEPH DESANTO had telephone discussions with Philip Gurian and others about the laundering of money through Joseph Roberts' account, Caspian Consulting, specifically discussing methods of transferring money from the stock manipulation to avoid taxes and discovery.

(22) From June 21, 1994, to August 31, 1994, JOSEPH DESANTO bought and sold stock through Caspian Consulting in excess of \$210,000.00 to hide profits offshore and avoid federal income taxes.

(23) On April 17, 1995, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, issued a prospectus to the public for

NVTK that contained inflated assets, false statements of fact, material omissions, and failed to disclose true ownership of the company.

(24) On April 17, 1995, Joseph Roberts was the underwriter and handled the secondary offering for NVTK.

(25) From April 1, 1996, to September 30, 1996, a series of press releases were issued to the public containing false statements pertaining to contracts and business transactions.

(26) From April 17, 1995, to September 30, 1996, forms filed by Joseph Roberts which were required to be filed with the SEC, contained false statements, misleading information, and material omissions.

(27) On or about April 17, 1995, NVTK issued 1,000,000 units of stock and warrants to Joseph Roberts.

(28) From April 17, 1995, to September 30, 1996, the New York Joseph Roberts' branch sold over \$1,831,497 worth of NVTK units and over \$2,700,000 worth of NVTK common stock to the public.

(29) On or about April 17, 1995, Joseph Roberts transferred 187,000 shares of NVTK to Sovereign.

(30) From April 17, 1995, to September 30, 1996, Joseph Roberts' brokers made false and misleading statements to purchasers of NVTK stock.

(31) From April 17, 1995, to September 30, 1996, Joseph Roberts' brokers were paid undisclosed, excessive commissions to sell NVTK to the public.

(32) From January 1, 1995, to September 30, 1996, JOSEPH DESANTO had telephone conversations with Philip Gurian and Glen Vittor discussing "parking" NVTK stock and pumping up the stock price of NVTK.

(33) On or about November 1, 1994, JOSEPH DESANTO and Philip Gurian, using the aliases “Christopher Wells” and “Louis Metzner”, entered into a stock purchase agreement with ATC II (ACTI) in Salt Lake City, Utah, promising to pay \$187,500 each for 250,000 Regulation S shares of ACTI.

(34) On or about February 1, 1995, JOSEPH DESANTO and Philip Gurian failed to pay ACTI for the Regulation S shares they received.

(35) From November 1, 1994, to February 1, 1995, JOSEPH DESANTO, JOHN SALERNO, JOSEPH SALERNO, III, and RICHARD GINSBERG retailed ACTI through Joseph Roberts to the public utilizing material misrepresentations, excessive broker commissions, and a refusal to allow customer sell orders.

(36) From November 1, 1994, through May 1, 1995, JOSEPH DESANTO and others deposited profits from the sale of ACTI into offshore, nominee accounts.

(37) On or about January 4, 1994, through December 15, 1996, JOSEPH DESANTO, JOHN SALERNO, JOSEPH SALERNO, III, and RICHARD GINSBERG acquired large blocks of Colorado Casino Resorts. Inc. (CCRI) stock through nominee accounts and filed false registrations with the Securities and Exchange Commission hiding their ownership.

(38) From January, 1994, through December, 1996, false press releases were disseminated to the public regarding the viability of CCRI.

(39) From January, 1994, through December, 1996, CCRI stock was retailed from Joseph Roberts to investors in the United States.

(40) From January 1994, through December, 1996, profits from the sale of CCRI by Joseph Roberts and the defendants were deposited into nominee Cayman Island accounts.

(41) In December, 1996, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, opened Hamilton Shea, a brokerage firm in Pompano Beach, Florida.

(42) Between August 1, 1996, and November 30, 1996, Certified Diabetic Supplies, Inc., later known as Certified Diabetic Services (CDSP) conducted a 504 stock offering of 2,000,000 shares.

(43) Between February 1, 1997, and June 1, 1997, the Hamilton Shea account in the name of Herod Investments Ltd., purchased 200,000 shares of CDSP.

(44) Between February 1, 1997, and August 12, 1997, the Hamilton Shea account in the name of Merton Trustees Ltd., purchased 200,000 shares of CDSP.

(45) Between February 1, 1997, and August 30, 1997, the Hamilton Shea account in the name of Illiad Management Corp. , purchased 445,000 shares of CDSP.

(46) Between February 1, 1997, and August 21, 1997, the Hamilton Shea account in the name of IPCO Investments, Inc., purchased 445,000 shares of CDSP.

(47) Between February 1, 1997, and August 30, 1997, the Hamilton Shea account in the name of M & L Meckler, purchased 441,000 shares of CDSP.

(48) CDSP stock began trading on March 31, 1997.

(49) Between March 31, 1997, and August 12, 1997, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, And VERONICA DESANTO, a/k/a Veronica Ruiz, sold 253,000 shares of CDSP through the above nominee accounts at Hamilton Shea and at Merit Capital.

(50) Between May 8, 1997, and August 15, 1997, \$596,921.57 from the sale of CDSP from nominee accounts were transferred to D & S Properties at Northern Trust Bank, a bank account controlled by JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz.

(51) Between March 31, 1997, and April 23, 1997, Herod Investments, Ltd. sold 67,500 shares of CDSP and a portion of the proceeds were used to purchase PCTU stock.

(52) From March 31, 1997, to August 31, 1997, Hamilton Shea brokers utilized deceptive practices in the sale of CDSP to the public.

(53) From March 31, 1997, to August 31, 1997, Hamilton Shea brokers were paid excessive commissions for the sale of CDSP.

(54) On or about August 1, 1997, Rudolph Baboun acquired LTMP, also known as NCFS.

(55) On or about September 5, 1997, Rudolph Baboun conducted a 504 offering for LTMP of 2,500,000 shares.

(56) During the month of September, 1997, Baboun associates purchased 2,416,250 LTMP shares.

(57) From September 1, 1997, to May 1, 1998, Hamilton Shea retailed LTMP through accounts controlled by Hamilton Shea principals.

(58) From September 1, 1997, to May 1, 1998, Hamilton Shea brokers made false and misleading statements to potential purchasers of LTMP.

(59) From September, 1, 1997, to May 1, 1998, Hamilton Shea paid its brokers an excessive commission to sell LTMP to the public.

(60) Rudolph Baboun formed ALAG on or about March 1, 1997.

(61) From July 1, 1997 to August 30, 1997, Rudolph Baboun conducted a 504 offering of 1,057,000 shares of ALAG.

(62) On or about December 1, 1997, Rudolph Baboun issued another 400,000 shares of 504 ALAG stock.

(63) From July 1, 1997, to December 30, 1997, Rudolph Baboun sold 1,300,000 ALAG shares to associates.

(64) From May 12, 1998, to December 1, 1998, Hamilton Shea retailed ALAG to unsuspecting investors.

(65) From May 12, 1998, to December 1, 1998, Hamilton Shea brokers made false and misleading statements to purchasers of ALAG.

(66) From May 12, 1998, to December 1, 1998, Hamilton Shea brokers were paid excessive commissions to sell ALAG to the public.

(67) From June 19, 1996, to November 18, 1996, VERONICA DESANTO, a/k/a Veronica Ruiz, and JOSEPH DESANTO deposited funds from the sale of manipulated stock including but not limited to NVTK into a Nations Bank account.

(68) From November 6, 1996, to July 24, 1997, VERONICA DESANTO, a/k/a Veronica Ruiz, deposited funds from stock manipulations including but not limited to NVTK into her Bank Atlantic account.

(69) From November 19, 1997, to December 5, 1997, VERONICA DESANTO, a/k/a Veronica Ruiz, received and sold LTMP/NCFS stock in her Hamilton Shea brokerage account.

(70) From February 25, 1998, to June 26, 1998, and continuing therefrom, PALMA DESANTO and JOSEPH DESANTO received and sold LTMP/NCFS stock in their First Union Bank brokerage account.

(71) From May 18, 1998, to August 5, 1998, VERONICA DESANTO, a/k/a Veronica Ruiz, received and sold ALAG stock and distributed the proceeds to JOSEPH DESANTO in her Dean Witter brokerage account.

(72) From November 1, 1994, to May 12, 1998, RICHARD GINSBERG sold FNAT, GRIL, NVTK, CCRI, CDSP, LTMP, and ALAG stock to the investing public.

(73) From November 1, 1994, to May 12, 1998, RICHARD GINSBERG received excessive compensation to sell manipulated stock to the investing public at the Joseph Roberts Company and at the Hamilton Shea Group.

(74) From December 1, 1996, to November 12, 1998, PETER LEIGHTON transferred stock including but not limited to CDSP, PCTU, LTMP, and ALAG, and funds into his domestic and foreign bank and brokerage accounts with Joseph DeSanto.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH TEN

MAIL FRAUD

A. Introduction

1. The allegations set forth in Count One are incorporated herein by this reference.

B. The Scheme

2. From at least as early as January 7, 1993, up to and including December 1, 1998, both dates being approximate and inclusive, in the Middle District of Florida and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

knowingly and willfully devised and intended to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, promises and representations, well knowing that the pretenses, promises and representations were materially false and fraudulent, which scheme is more fully described below.

C. Manner and Means of Scheme

3. The manner and means by which the defendants, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, sought to carry out the subject scheme are set forth in Section C of Count One hereof, the terms of which are incorporated herein by this reference.

D. Execution of the Scheme

4. Between on or about January 7, 1993, through on or about December 31, 1998, in the Middle District of Florida, the defendants JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, for the purpose of executing the aforesaid scheme and artifice to defraud, and attempting to do so, did knowingly place and cause to be placed in authorized depositories for mail items to be sent and delivered by the United States Postal Service as well as commercial interstate carrier, for delivery according to the directions thereon, specifically described below:

| COUNT | DATE AND ITEM MAILED AND TO WHOM | METHOD_MAILED | LOCATION FROM & TO |
|-------|---|---------------|---|
| Two | 9/27/96 - Monthly statement reflecting NVTK sale. Anita Brynolf | U.S. Mail | Dallas, Texas to La Jolla, California |
| Three | 9/27/96 - Monthly statement reflecting NVTK quantity/value. Alvin Singleton | U.S. Mail | Dallas, Texas to Sarasota, Florida |
| Four | 1/29/97 - Confirmation Purchase of CCRI. Perry Milwee | U.S. Mail | Dallas, Texas to St. Cloud, Florida |
| Five | 3/27/97 - Monthly statement reflecting NVTK quantity/value. Thomas and Roberta Gerst | U.S. Mail | Dallas, Texas to Lisle, Illinois |
| Six | 5/8/97 - Confirmation purchase of PCTU. Victor Mathurin | U.S. Mail | St. Louis, Missouri to Naples, Florida |
| Seven | 7/1/97 - Confirmation Purchase of CDSP Stephen Giamatt | U.S. Mail | Denver, Colorado to Jacksonville, Florida |
| Eight | 8/12/97 - Victim check to HSG for PCTU shares. Vincent Foley | U.S. Mail | St. Petersburg, Florida to Pompano, Florida |
| Nine | 9/4/97 - Confirmation purchase of PCTU. Jim Davis | U.S. Mail | Denver, Colorado to Tampa, Florida |
| Ten | 9/18/97 - Confirmation Purchase of PCTU. Greg Giacobbe | U.S. Mail | Denver, Colorado to Tampa, Florida |

All in violation of Title 18, United States Code, Section 1341 and 2.

COUNTS ELEVEN AND TWELVE

WIRE FRAUD

A. Introduction

1. The allegations set forth in Section A in Count One hereof are incorporated herein by this reference.

B. The Scheme

2. From at least as early as January 1, 1993, and continuing up to and including December 1, 1998, in the Middle District of Florida, and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

did knowingly and willfully devise and intend to devise a scheme and artifice to defraud and to defraud and to obtain money and property by means of materially false and fraudulent pretenses, promises, and representations, well knowing that the pretenses, promises and representations were materially false and fraudulent, which scheme is more fully described below.

C. Manner and Means of Scheme

3. The manner and means by which the defendants sought to carry out the subject scheme are set forth in section C of Count One hereof, the terms of which are incorporated herein by this reference.

D. Execution of the Scheme

4. On or about the dates listed below, within the Middle District of Florida, and elsewhere, the defendants, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, for the purpose of executing the aforementioned scheme and artifice to defraud and attempting to do so, transmitted and caused to be transmitted by means of wire, in interstate commerce, writings, signs,

signals as listed below:

| COUNT | DATE | WIRE TRANSMISSION | TRANSMITTED TO/FROM |
|--------|---------|-----------------------------------|--|
| Eleven | 9/18/97 | Telephone call to Greg Giacobbe | Boca Raton, Florida to Tampa, Florida |
| Twelve | 12/4/97 | Faxed document to Thomas Williams | Pompano Beach, Florida to Grand Rapids, Michigan |

All in violation of Title 18, United States Code, Section 1343 and 2.

COUNT THIRTEEN THROUGH NINETEEN

SECURITIES FRAUD

A. Introduction

1. The allegations set forth in section A in Count One hereof are incorporated herein by this reference.

B. The Scheme

2. From at least as early as January 7, 1993, up to and including December 1, 1998, both dates being approximate and inclusive, in the Middle District of Florida, and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

knowingly and willfully, directly and indirectly, made use of the means and instrumentalities of interstate commerce and of the mails and of the facilities of National Securities Exchanges and used and employed manipulative and deceptive devices and contrivances for obtaining money by false and fraudulent pretenses, and promises, from investors, the substance of which is set for more fully below.

C. Manner and Means of Scheme

3. The manner and means by which defendants sought to carry out the subject scheme are set forth in Section C of Count One hereof, the terms of which are incorporated herein by this reference.

D. Execution of the Scheme

4. On or about the dates listed below, within the Middle District of Florida, and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

did unlawfully, knowingly, and willfully, directly and indirectly, make use of the means and instrumentalities of interstate commerce and of the mails and of the facilities of National Securities Exchanges and used and employed manipulative and deceptive devices and contrivances in contravention of the rules and regulations prescribed by the Securities and Exchange Commission to sell securities in the manner specifically described below:

| COUNT | DATE | NATURE OF TRANSPORTATION AND/OR COMMUNICATION |
|--------------|-------------|--|
| Thirteen | 11/15/96 | Hamilton Shea sent to the Securities and Exchange Commission via commercial interstate carrier a Form BD/A which failed to disclose the true ownership of Hamilton Shea. |
| Fourteen | 11/27/96 | Hamilton Shea sent to the Securities and Exchange Commission via commercial interstate carrier a Form BD/A which failed to disclose the true ownership of Hamilton Shea. |
| Fifteen | 12/18/96 | Hamilton Shea sent to the Securities and Exchange Commission via commercial interstate carrier a Form BD/A which failed to disclose the true ownership of Hamilton Shea. |

| | | |
|-----------|---------|---|
| Sixteen | 1/3/97 | Hamilton Shea sent to the Securities and Exchange Commission via commercial interstate carrier a Form BD/A which failed to disclose the true ownership of Hamilton Shea. |
| Seventeen | 1/7/97 | Hamilton Shea sent to the Securities and Exchange Commission via commercial interstate carrier a Form BD/A which failed to disclose the true ownership of Hamilton Shea. |
| Eighteen | 7/7/97 | Hamilton Shea sent to the Securities and Exchange Commission via commercial interstate carrier a Form D on behalf of Mortgage Acquisition Corp., which failed to disclose that Hamilton Shea was a promoter of Mortgage Acquisition Corp. |
| Nineteen | 8/28/97 | Hamilton Shea sent to the Securities and Exchange Commission via commercial interstate carrier a Form D on behalf of Littman Project Corp., which failed to disclose that Hamilton Shea was a promoter of Littman Project. |

In violation of Title 15, United States Code, Section 78j(b), and Title 18, United States Code, Section 2.

COUNT TWENTY

LAUNDERING OF MONETARY INSTRUMENTS

1. The substance of the scheme to defraud and its manner and means are described in paragraphs contained in Sections A and C of Count One of this Indictment, and the grand jury realleges and incorporates by reference those paragraphs as though fully set forth herein.

2. On or about November 18, 1996, in the Middle District of Florida, and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

did knowingly conduct and cause to be conducted a financial transaction which affected interstate and foreign commerce, to wit: A payment of \$10,000.00 by check, dated

November 18, 1996, from JOSEPH DESANTO at Northern Trust Bank, payable to VERONICA DESANTO, a/k/a Veronica Ruiz, and deposited into Nations Bank account #3430641365, which involved the proceeds of specified unlawful activity, that is, mail fraud, wire fraud, and securities fraud, in violation of Title 18, United States Code, Sections 1341 and 1343, and Title 15, United States Code, Section 78j, with the intent to promote the carrying on of the specified unlawful activity, and knowing that the transaction was designed in whole or in part to conceal and disguise, the nature, the location, the source, and the ownership of the proceeds of said criminal activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is the funds in the amount of \$10,000.00, represented the proceeds of same form of unlawful activity.

In violation of Title 18, United States Code, Sections 1956(a)(1) and 2.

COUNT TWENTY-ONE

LAUNDERING OF MONETARY INSTRUMENTS

1. The substance of the scheme to defraud and its manner and means are described in paragraphs contained in Sections A and C of Count One of this Indictment, and the grand jury realleges and incorporates by reference those paragraphs as though fully set forth herein.

2. On or about April 24, 1997, in the Middle District of Florida, and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

did knowingly conduct and cause to be conducted a financial transaction which affected interstate and foreign commerce, to wit: A payment of \$10,000.00 by wire transfer, dated April 24, 1997, from D&S Properties at Northern Trust Bank, payable to VERONICA DESANTO, a/k/a Veronica Ruiz, and deposited into Bank Atlantic account number 053438600, which involved the proceeds of specified unlawful activity, that is, mail fraud, wire fraud, and securities fraud, in violation of Title 18, United States Code, Sections 1341 and 1343, and Title 15, United States Code, Section 78j, with the intent to promote the carrying on of the specified unlawful activity, and knowing that the transaction was designed in whole or in part to conceal and disguise, the nature, the location, the source, and the ownership of the proceeds of said criminal activity, and that while conducting and attempting to conduct such financial transaction, knew that the property involved in the financial transaction, that is the funds in the amount of \$10,000.00, represented the proceeds of same form of unlawful activity.

In violation of Title 18, United States Code, Sections 1956(a)(1) and 2.

COUNTS TWENTY-TWO THROUGH TWENTY-NINE

UNLAWFUL MONETARY TRANSACTIONS

1. The substance of the scheme to defraud and its manner and means are described in paragraphs contained in Sections A and C of Count One of this Indictment, and the grand jury realleges and incorporates by reference those paragraphs as though fully set forth herein.

2. On or about the dates listed below, in the Middle District of Florida, and elsewhere, the defendants,

JOSEPH DESANTO,
JOSEPH SALERNO, III,
JOHN SALERNO,
RICHARD GINSBERG,
PETER LEIGHTON,
PALMA DESANTO,
VERONICA DESANTO, a/k/a Veronica Ruiz,

did knowingly engage and attempt to engage in a monetary transaction, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000.00, to wit:

| COUNT | DATE AND INSTRUMENT | PAYABLE TO | PAYABLE FROM | INSTITUTION DEPOSITED & ACCOUNT # | AMOUNT |
|-------|--------------------------|---------------------|---------------------|-----------------------------------|--------------|
| 22 | 3/4/97 Wire Transfer | D&S Properties | Rudolph Baboun | Northern Trust 5111008298 | \$100,000.00 |
| 23 | 4/15/97 Wire Transfer | Eurobank | Distribuidora Marte | Eurobank 510 881/01 | \$75,000.00 |
| 24 | 9/19/97 Wire Transfer | Hamilton Shea Group | Herod Investments | SunTrust 427006046814 | \$220,040.00 |
| 25 | 11/5/97 Wire Transfer | D&D Industries | Distribuidora Marte | Citibank 3200272479 | \$350,040.00 |
| 26 | 4/17/98 Wire Transfer | Joseph Desanto | Distribuidora Marte | First Union 9982493639 | \$24,500.00 |
| 27 | 6/26/98 Wire Transfer | Joseph Desanto | Palma Desanto | First Union 9982493817 | \$16,000.00 |
| 28 | 6/26/98 Wire Transfer | Joseph Desanto | Veronica Ruiz | First Union 998249317 | \$23,945.00 |
| 29 | 8/7/98 Wire Transfer | Croesus Fund | Gerardo Rishmawy | Bank of Bermuda 1010-919738 | \$460,000.00 |

such property having been derived from specified unlawful activity, that is, mail fraud, wire fraud, and securities fraud, in violation of title 18, United States Code, Sections 1341 and 1343, and title 15, United States Code, section 78j.

In violation of Title 18, United States Code, Section 1957 and 2.

FORFEITURE

1. The allegations contained in Count One of this Indictment are hereby realleged and fully incorporated by reference for the purpose of alleging forfeitures to the United States of America, pursuant to the provisions of Title 18, United States Code, Section 982.

2. As a result of the offenses alleged in Count One, as well as Counts Twenty through Twenty-Nine, the defendants, JOSEPH DESANTO, JOSEPH SALERNO, III, JOHN SALERNO, RICHARD GINSBERG, PETER LEIGHTON, PALMA DESANTO, and VERONICA DESANTO, a/k/a Veronica Ruiz, shall forfeit to the United States all property, real and personal, involved in the aforementioned offenses, and all interest and proceeds traceable thereto, which were involved in the aforementioned offenses or is traceable to such property in violation of Title 18, United States Code, Section 1956 and 982, to include, but not limited to:

- (A) Eighty one Million Dollars (\$81,000,000);
- (B) Real property.
- (C) Any and all stock, equipment, bank accounts and other assets of Joseph Roberts and Hamilton Shea, wherever located and in whatever name held;
- (D) All bank accounts, brokerage accounts and deposits, wherever located in the names of, or for the benefit of the defendants in offshore, nominee accounts, or other nominee accounts.
- (E) All assets in United States Currency or securities or in whatever form held located in the United States.

3. If any of the property subject to forfeiture, as a result of any act or omission of the defendants:

1. Cannot be located upon the exercise of due diligence;
2. Has been transferred or sold to, or deposited with a third party;
3. Has been placed beyond the jurisdiction of the Court;
4. Has been substantially diminished in value; or
5. Has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States of America, pursuant to Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of said defendants up to the value of the above forfeitable property.

All pursuant to Title 18, United States Code, Sections 371, 982, 1956, and 1957.

A TRUE BILL,

FOREPERSON

MAC CAULEY
United States Attorney

By: _____
CAROLYN J. ADAMS
Assistant United States Attorney
Chief, Special Prosecutions Section